



General Assembly

Substitute Bill No. 6525

January Session, 2011

* ____HB06525APP__052411____ *

**AN ACT CONCERNING THE CONTINUANCE OF THE MAJORITY
LEADERS' JOB GROWTH ROUNDTABLE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-19i of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in subsections (a) to [(f)] (e), inclusive, of this section:

4 (1) "Green technology" means technology that (A) promotes clean
5 energy, renewable energy or energy efficiency, (B) reduces greenhouse
6 gases or carbon emissions, or (C) involves the invention, design and
7 application of chemical products and processes to eliminate the use
8 and generation of hazardous substances;

9 [(2) "Job relating to green technology" means a job in which green
10 technology is employed and may include the occupation codes
11 identified as green jobs by the United States Bureau of Labor Statistics
12 and those codes identified by the Labor Department and the
13 Department of Economic and Community Development for such
14 purposes;]

15 [(3)] (2) "Life science" means the study of genes, cells, tissues and
16 chemical and physical structures of living organisms and biomedical
17 engineering and the manufacture of medical devices; and

18 [(4)] (3) "Health information technology" means the creation,
19 execution or implementation of electronic data systems that record or
20 transmit medical or health information.

21 (b) There is established a Connecticut green technology, life science
22 and health information technology loan [forgiveness] reimbursement
23 program to be administered by the Department of Higher Education.

24 (c) A Connecticut resident who graduated on or after May 1, 2010,
25 from an institution of higher education in this state with a bachelor
26 degree in a field relating to green technology, life science or health
27 information technology and who has been employed in this state for at
28 least two years after graduation [in] by a [job relating to] business in
29 the field of green technology, life science or health information
30 technology and whose [expected family contribution, as determined by
31 the federal Free Application for Federal Student Aid for the most
32 recent full academic year does not exceed thirty-five] federal adjusted
33 gross income for the year prior to the initial reimbursement year does
34 not exceed one hundred fifty thousand dollars shall be eligible for
35 reimbursement of federal or state educational loans up to a maximum
36 of two thousand five hundred dollars per year or five per cent of the
37 amount of such loans per year, whichever is less, for up to four years.

38 (d) A Connecticut resident who graduated on or after May 1, 2010,
39 from an institution of higher education in this state with an associate
40 degree relating to green technology, life science or health information
41 technology and who has been employed in this state for at least two
42 years after graduation [in] by a [job relating to] business in the field of
43 green technology, life science or health information technology and
44 whose [expected family contribution, as determined by the federal
45 Free Application for Federal Student Aid for the most recent full
46 academic year does not exceed thirty-five] federal adjusted gross
47 income for the year prior to the initial reimbursement year does not
48 exceed one hundred fifty thousand dollars shall be eligible for
49 reimbursement of federal or state educational loans up to a maximum
50 of two thousand five hundred dollars per year or five per cent of the

51 amount of such loans per year, whichever is less, for up to two years.

52 [(e) A Connecticut resident who receives a certificate relating to
53 green technology, life science or health information technology from
54 an institution of higher education in this state shall be eligible for a
55 grant equal to the cost of the training certificate not to exceed a
56 maximum of two hundred fifty dollars, provided such resident (1) is
57 unemployed, has received notice of termination of employment or is
58 employed with a gross annual family income that does not exceed
59 forty thousand dollars, (2) is eighteen years of age or older, (3)
60 graduated from high school before July 1, 2008, and (4) has not been
61 enrolled as a full-time student at an institution of higher education
62 before July 1, 2010.]

63 [(f)] (e) Notwithstanding the provisions of subsections (c) and (d) of
64 this section, the total combined dollar value of loan reimbursements
65 available under this and any other provision of the general statutes
66 shall not exceed five thousand dollars per recipient of an associate
67 degree and ten thousand dollars per recipient of a bachelor degree.

68 [(g)] (f) The Board of Governors of Higher Education may adopt
69 regulations, in accordance with the provisions of chapter 54, to carry
70 out the provisions of subsections (a) to [(f)] (e), inclusive, of this
71 section.

72 Sec. 2. Section 32-41x of the general statutes is repealed and the
73 following is substituted in lieu thereof (*Effective from passage*):

74 (a) There is established an account to be known as the "preseed
75 financing account" which shall be a separate, nonlapsing account
76 within the General Fund. The account shall contain any moneys
77 required by law to be deposited in the account. Moneys in the account
78 shall be expended by Connecticut Innovations, Incorporated, for the
79 purposes of providing preseed financing pursuant to the program
80 established in subsection (b) of this section.

81 (b) Connecticut Innovations, Incorporated, shall establish a program

82 to provide preseed financing for Connecticut businesses, which shall
83 include, but not be limited to, financial assistance for the development
84 of proof of concepts and support services. Financial assistance shall not
85 exceed one hundred fifty thousand dollars per eligible business. An
86 eligible business shall (1) be principally located in Connecticut, (2)
87 have not less than seventy-five per cent of its employees working in
88 Connecticut, and (3) demonstrate private investment dollars of not less
89 than fifty cents for every dollar of financial assistance sought from the
90 program established pursuant to this section. For the purposes of this
91 subsection, "private investment dollars" shall include funds from a
92 public institution of higher education, except those funds derived from
93 state appropriations or student tuition and fees, that are used to assist
94 in the commercialization of technology owned by a public university.

95 (c) The corporation may enter into an agreement, pursuant to
96 chapter 55a, with a nonprofit corporation providing services and
97 resources to entrepreneurs and businesses to operate such program.

98 Sec. 3. Section 38a-88a of the general statutes is repealed and the
99 following is substituted in lieu thereof (*Effective from passage*):

100 (a) As used in this section:

101 (1) "Facility" means an insurance business facility;

102 (2) "Insurance business" means a business with a North American
103 Industry Classification System code of 524113 to 524298, inclusive, that
104 is engaged in the business of insuring risks or of providing services
105 necessary to the business of insuring risks;

106 (3) "New job" means a job that did not exist in the business of a
107 subject insurance business in this state prior to the subject insurance
108 business's application to the commissioner for an eligibility certificate
109 under this section for a new facility and that is filled by a new
110 employee, but does not include a job created when an employee is
111 shifted from an existing location of the subject insurance business in
112 this state to a new facility;

113 (4) "New employee" means a person who resides in Connecticut and
114 is hired by a subject insurance business to fill a position for a new job
115 or a person shifted from an existing location of the subject insurance
116 business outside this state to a new facility in this state, provided (A)
117 in no case shall the total number of new employees allowed for
118 purposes of this credit exceed the total increase in the taxpayer's
119 employment in this state, which increase shall be the difference
120 between (i) the number of employees employed by the subject
121 insurance business in this state at the time of application for an
122 eligibility certificate to the commissioner plus the number of new
123 employees who would be eligible for inclusion under the credit
124 allowed under this section without regard to this calculation, and (ii)
125 the highest number of employees employed by the subject insurance
126 business in this state in the year preceding the subject insurance
127 business's application for an eligibility certificate to the commissioner,
128 and (B) a person shall be deemed to be a "new employee" only if such
129 person's duties in connection with the operation of the facility are on a
130 regular, full-time, or equivalent thereof, and permanent basis;

131 (5) "New facility" means a facility which (A) is acquired by, leased
132 to, or constructed by, a subject insurance business on or after the date
133 of the subject insurance business's application to the commissioner for
134 an eligibility certificate under this section, unless, upon application of
135 the subject insurance business and upon good and sufficient cause
136 shown, the commissioner waives the requirement that such activity
137 take place after the application, and (B) was not in service or use
138 during the one-year period immediately prior to the date of the subject
139 insurance business's application to said commissioner for an eligibility
140 certificate under this section, unless upon application of the subject
141 insurance business and upon good and sufficient cause shown, the
142 commissioner consents to waiving the one-year period;

143 (6) "Related person" means (A) a corporation, limited liability
144 company, partnership, association or trust controlled by the taxpayer
145 or subject insurance business, as the case may be, (B) an individual,
146 corporation, limited liability company, partnership, association or trust

147 that is in control of the taxpayer or subject insurance business, as the
148 case may be, (C) a corporation, limited liability company, partnership,
149 association or trust controlled by an individual, corporation, limited
150 liability company, partnership, association or trust that is in control of
151 the taxpayer or subject insurance business, as the case may be, or (D) a
152 member of the same controlled group as the taxpayer or subject
153 insurance business, as the case may be. For purposes of this section,
154 "control", with respect to a corporation, means ownership, directly or
155 indirectly, of stock possessing fifty per cent or more of the total
156 combined voting power of all classes of the stock of such corporation
157 entitled to vote. "Control", with respect to a trust, means ownership,
158 directly or indirectly, of fifty per cent or more of the beneficial interest
159 in the principal or income of such trust. The ownership of stock in a
160 corporation, of a capital or profits interest in a partnership or
161 association or of a beneficial interest in a trust shall be determined in
162 accordance with the rules for constructive ownership of stock
163 provided in Section 267(c) of the Internal Revenue Code of 1986, or any
164 subsequent corresponding internal revenue code of the United States,
165 as from time to time amended, other than paragraph (3) of Section
166 267(c) of said internal revenue code;

167 (7) "Moneys of the taxpayer" means all amounts invested in a fund,
168 directly or indirectly, on behalf of a taxpayer, including but not limited
169 to (A) direct investments made by the taxpayer, and (B) loans made to
170 the fund for the benefit of the taxpayer which loans are guaranteed by
171 the taxpayer, provided no amounts represented by any such loan shall
172 be used for the purpose of obtaining any tax credit by any person
173 making such loan against any tax levied by this state;

174 (8) "Income year" means (A) with respect to corporations subject to
175 taxation under chapter 208, the income year as determined under said
176 chapter, (B) with respect to insurance companies, hospital and medical
177 services corporations subject to taxation under chapter 207, the income
178 year as determined under said chapter, and (C) with respect to
179 taxpayers subject to taxation under chapter 229, the taxable year
180 determined under chapter 229;

181 (9) "Taxpayer" means any person as defined in section 12-1, whether
182 or not subject to any taxes levied by this state; and

183 (10) "Commissioner" means the Commissioner of Economic and
184 Community Development.

185 (b) (1) On or before July 1, 2000, the commissioner shall register
186 managers of funds created for the purpose of investing in insurance
187 businesses. Any manager registered under this subsection shall have
188 its primary place of business in this state. Each applicant shall submit
189 an application under oath to the commissioner to be registered and
190 shall furnish evidence satisfactory to the commissioner of its financial
191 responsibility, integrity, and professional competence to manage
192 investments. Failure to maintain adequate fiduciary standards shall
193 constitute cause for the commissioner to revoke, after hearing, any
194 registration granted under this section. The fund manager shall make a
195 report on or before the first day of March in each year, under oath, to
196 the Commissioner of Revenue Services specifying the name, address
197 and Social Security number or employer identification number of each
198 investor, the year during which each investment was made by each
199 investor, the amount of each investment and a description of the fund's
200 investment objectives and relative performance.

201 (2) There shall be allowed as a credit against the tax imposed under
202 chapter 207, 208 or 229 or section 38a-743 an amount equal to the
203 following percentage of the moneys of the taxpayer invested through a
204 fund manager in an insurance business with respect to the following
205 income years of the taxpayer: (A) With respect to the income year in
206 which the investment in the subject insurance business was made and
207 the two next succeeding income years, zero per cent; (B) with respect
208 to the third full income year succeeding the year in which the
209 investment in the subject insurance business was made and the three
210 next succeeding income years, ten per cent; (C) with respect to the
211 seventh full income year succeeding the year in which the investment
212 in the subject insurance business was made and the two next
213 succeeding income years, twenty per cent. The sum of all tax credit

214 granted pursuant to the provisions of this subsection shall not exceed
215 fifteen million dollars with respect to investments made by a fund or
216 funds in any single insurance business, and with respect to all
217 investments made by a fund shall not exceed the total amount
218 originally invested in such fund. Any fund manager may apply to the
219 Commissioner of Economic and Community Development for a credit
220 that exceeds the limitations established by this subdivision. The
221 commissioner shall evaluate the benefits of such application and make
222 recommendations to the General Assembly if he determines that the
223 proposal would be of economic benefit to the state.

224 (3) The credit allowed by this subsection may be claimed only by a
225 taxpayer who has invested in an insurance business through a fund
226 (A) which has a total asset value of not less than thirty million dollars
227 for the income year for which the initial credit is taken; (B) has not less
228 than three investors who are not related persons with respect to each
229 other or to any insurance business in which any investment is made
230 other than through the fund at the date the investment is made; and
231 (C) which invests only in insurance businesses that are not related
232 persons with respect to each other.

233 (4) The credit allowed by this section may be claimed only with
234 respect to a subject insurance business which (A) occupies the new
235 facility for which an eligibility certificate has been issued by the
236 commissioner and with respect to which the certification required
237 under subdivision (6) of this subsection has been issued as its home
238 office, and (B) employs not less than twenty-five per cent of its total
239 work force in new jobs.

240 (5) The credit allowed by this subsection may be claimed only with
241 respect to an income year for which a certification of continued
242 eligibility required under subdivision (6) of this subsection has been
243 issued. If, with respect to any year for which a tax credit is claimed,
244 any subject insurance business ceases at any time to employ at least
245 twenty-five per cent of its total work force in new jobs, then, except as
246 provided in subdivision (6) of this subsection, the entitlement to the

247 credit allowed by this subsection shall not be allowed for the taxable
248 year in which such employment ceases, and there shall not be a pro
249 rata application of the credit to such taxable year; provided, if the
250 reason for such cessation is the dissolution, liquidation or
251 reorganization of such insurance business in a bankruptcy or
252 delinquency proceeding, as defined in section 38a-905, the credit shall
253 be allowed.

254 (6) The commissioner, upon application, shall issue an eligibility
255 certificate for an insurance business occupying a new facility in this
256 state and employing new employees, after it has been established, to
257 his satisfaction, that subject insurance business has complied with the
258 provisions of this subsection. If the commissioner determines that such
259 requirements have been met as a result of transactions with a related
260 person for other than bona fide business purposes, he shall deny such
261 application. The commissioner shall require the subject insurance
262 business to submit annually such information as may be necessary to
263 determine whether the appropriate occupancy and employment
264 requirements have been met at all times during an income year. If the
265 commissioner determines that such requirements have been so met, he
266 shall issue a certification of continued eligibility to that effect to the
267 subject insurance business on or before the first day of the third month
268 following the close of the subject insurance business's income year.

269 (7) The commissioner shall, upon request, provide a copy of the
270 eligibility certificate and the certification required under subdivision
271 (6) of this subsection to the Commissioner of Revenue Services.

272 (8) (A) If (i) the number of new employees on account of which a
273 taxpayer claimed the credit allowed by this subsection decreases to less
274 than twenty-five per cent of its total work force for more than sixty
275 days during any of the taxable years for which a credit is claimed, (ii)
276 those employees are not replaced by other employees who have not
277 been shifted from an existing location of the subject insurance business
278 in this state, and (iii) the subject insurance business has relocated
279 operations conducted in the new facility to a location outside this state,

280 the taxpayer shall be required to recapture a percentage, as determined
281 under the provisions of subparagraph (B) of this subdivision, of the
282 credit allowed under this subsection on its tax return and no
283 subsequent credit shall be allowed. If the credit claimed by the
284 taxpayer under this subsection is attributable to investments made in
285 more than one insurance business, the credit recaptured and
286 disallowed under this subdivision shall be that portion of the credit
287 attributable to the investment in the insurance business as described in
288 subparagraphs (A)(i) to (A)(iii), inclusive, of this subdivision.

289 (B) If the taxpayer is required under the provisions of subparagraph
290 (A) of this subdivision to recapture a portion of the credit during (i) the
291 first year such credit was claimed, then ninety per cent of the credit
292 allowed shall be recaptured on the tax return required to be filed for
293 such year, (ii) the second of such years, then sixty-five per cent of the
294 credit allowed for the entire period of eligibility shall be recaptured on
295 the tax return required to be filed for such year, (iii) the third of such
296 years, then fifty per cent of the credit allowed for the entire period of
297 eligibility shall be recaptured on the tax return required to be filed for
298 such year, (iv) the fourth of such years, then thirty per cent of the
299 credit allowed for the entire period of eligibility shall be recaptured on
300 the tax return required to be filed for such year, (v) the fifth of such
301 years, then twenty per cent of the credit allowed for the entire period
302 of eligibility shall be recaptured on the tax return required to be filed
303 for such year, and (vi) the sixth or subsequent of such years, then ten
304 per cent of the credit allowed for the entire period of eligibility shall be
305 recaptured on the tax return required to be filed for such year. Any
306 credit recaptured pursuant to this subdivision shall not be in excess of
307 the credit that would be allowed for the applicable investment. The
308 Commissioner of Revenue Services may recapture such credits from
309 the taxpayer who has claimed such credits. If the commissioner is
310 unable to recapture all or part of such credits from such taxpayer, the
311 commissioner may seek to recapture such credits from any taxpayer
312 who has assigned such credits to another taxpayer. If the
313 commissioner is unable to recapture all or part of such credits from

314 any such taxpayer, the commissioner may recapture such credits from
315 the fund.

316 (C) The recapture provisions of this subdivision shall not apply and
317 tax credits may continue to be claimed under this subsection if, for the
318 entire period that the credit is applicable, such decrease in the
319 percentage of total work force employed in this state does not result in
320 an actual decrease in the number of persons employed by the subject
321 insurance business in this state on a regular, full-time, or equivalent
322 thereof, and permanent basis as compared to the number of new
323 employees on account of which the taxpayer claimed the credit
324 allowed by this subsection.

325 (c) (1) As used in this subsection:

326 (A) "Allocation date" means the date an insurance reinvestment
327 fund receives an investment of eligible capital equaling the amount of
328 credits against the tax imposed under chapter 207 and section 38a-743
329 allocated to taxpayers who invest in such insurance reinvestment fund;

330 (B) "Eligible business" means a business that has its principal
331 business operations in Connecticut, has fewer than two hundred fifty
332 employees at the time of investment and not more than ten million
333 dollars in net income in the previous year;

334 (C) "Eligible capital" means an investment of cash by a taxpayer in
335 an insurance reinvestment fund that fully funds the purchase price of
336 an equity interest in the insurance reinvestment fund or an eligible
337 debt instrument issued by an insurance reinvestment fund, at par
338 value or a premium, that (i) has an original maturity date of at least
339 five years after the date of issuance, (ii) has a repayment schedule that
340 is not faster than a level principal amortization over five years, and (iii)
341 has no interest, distribution or payment features tied to the insurance
342 reinvestment fund's profitability or the success of the investments;

343 (D) "Green technology business" means an eligible business with not
344 less than twenty-five per cent of its employment positions being

345 positions in which green technology is employed or developed and
346 may include the occupation codes identified as green jobs by the
347 Department of Economic and Community Development and the Labor
348 Department for such purposes;

349 (E) "Income year" means the income year as determined in chapter
350 207 for the taxpayer;

351 (F) "Insurance reinvestment fund" means a Connecticut partnership,
352 corporation, trust or limited liability company, whether organized on a
353 profit or not-for-profit basis, that (i) is managed by at least two
354 principals or persons that have at least four years of experience each in
355 managing venture capital or private equity funds, with at least fifty
356 million dollars of such funds from people unaffiliated with the
357 manager, (ii) has received an equity investment of capital other than
358 eligible capital equal to no less than five per cent of the total amount of
359 the eligible capital to be invested in such insurance reinvestment fund,
360 and (iii) is not, or will not be after the receipt of eligible capital,
361 controlled by or under common control with, one or more insurance
362 companies. An investment of eligible capital shall not result in
363 insurance company control unless such investment exceeds forty
364 million dollars per taxpayer and results in insurance companies having
365 the right to vote more than fifty per cent of the equity interests of the
366 insurance reinvestment fund cash invested in such insurance
367 reinvestment fund, provided this provision shall not prohibit the
368 interim control of an insurance reinvestment fund by one or more
369 insurance companies upon a breach of any payment obligation of the
370 insurance reinvestment fund or contractual or other agreement by the
371 insurance reinvestment fund that is designed to ensure compliance
372 with this section; and

373 (G) "Principal business operations" means at least eighty per cent of
374 the business organization's employees reside in the state or eighty per
375 cent of the business payroll is paid to individuals living in this state.

376 (2) A taxpayer that makes an investment of eligible capital shall, in

377 the year of investment, earn a vested credit against the premium tax
378 imposed pursuant to chapter 207 and section 38a-743. Such credit shall
379 be available as follows: (A) Commencing with the tax return due for
380 the first to third, inclusive, tax years, zero per cent; (B) commencing
381 with the tax return due for the fourth to seventh, inclusive, tax years,
382 not more than ten per cent; and (C) commencing with the tax return
383 due for the eighth to tenth, inclusive, tax years, not more than twenty
384 per cent. The maximum amount of eligible capital for which credits
385 may be allowed under this subsection shall not result in more than
386 forty million dollars of tax credits being used in any one year exclusive
387 of any carried forward credits and no fund shall apply for more than
388 the total amount of credits available under this section.

389 (3) On or before July 1, 2010, the Commissioner of Economic and
390 Community Development shall begin to accept applications for
391 certification as an insurance reinvestment fund and for allocations of
392 tax credits under this subsection. Applications shall include: (A) The
393 amount of eligible capital the applicant will raise; (B) a nonrefundable
394 application fee of seven thousand five hundred dollars; (C) evidence of
395 satisfaction of the requirements of the definition of "insurance
396 reinvestment fund" pursuant subparagraph (F) of subdivision (1) of
397 this subsection; (D) an affidavit by each taxpayer committing an
398 investment of eligible capital; (E) a business plan detailing (i) the
399 approximate percentage of eligible capital the applicant will invest in
400 eligible businesses by the third, fifth, seventh and ninth anniversaries
401 of its allocation date, (ii) the industry segments listed by the North
402 American Industrial Classification System code and percentage of
403 eligible capital in which the applicant will invest, (iii) the number of
404 jobs that will be created or retained as a result of the applicants
405 investments once all eligible capital has been invested, (iv) the
406 percentage of eligible capital to be invested in eligible businesses
407 primarily engaged in conducting research and development or
408 manufacturing, processing or assembling technology-based products;
409 and (v) a revenue impact assessment demonstrating that the
410 applicant's business plan has a revenue neutral or positive impact on

411 the state; (F) a commitment to invest at least twenty-five per cent of its
412 eligible capital in green technology businesses; and (G) a commitment
413 to invest by the third anniversary of its allocation date, three per cent
414 of its eligible capital in preseed investments and three per cent of its
415 eligible capital in seed-stage investments in consultation with
416 Connecticut Innovations, Incorporated, pursuant to the corporation's
417 [program] programs for preseed financing established pursuant to
418 section 32-41x, as amended by this act, and seed-stage financing
419 established pursuant to section 32-41v. The commissioner may require
420 the applicant to obtain a revenue impact assessment conducted by an
421 independent third party.

422 (4) Applications for tax credits pursuant to this subsection shall be
423 accepted and approved on a first-come, first-served basis with all
424 applications received on the same date deemed to be received
425 simultaneously and approvals being made on a pro rata basis if such
426 applications exceed the amount of remaining credits.

427 (5) The commissioner shall issue an allocation of credits subject to
428 confirmation on a form prescribed by the commissioner by the fund
429 that an investment of eligible capital was received within five business
430 days. If an insurance reinvestment fund does not receive an investment
431 of eligible capital equaling the amount of credits against the tax
432 imposed under chapter 207 and section 38a-743 allocated to a taxpayer,
433 for which it filed an affidavit with its application prior to the fifth
434 business day after receipt of certification, the insurance reinvestment
435 fund shall notify the commissioner by overnight common carrier
436 delivery service and that portion of eligible capital allocated to the
437 insurance company shall be forfeited. Such insurance reinvestment
438 fund and forfeiting taxpayer shall each be assessed a twenty-five-
439 thousand-dollar administrative penalty. The commissioner shall
440 reallocate the forfeited eligible capital among all other remaining
441 taxpayers that invested eligible capital.

442 (6) To continue to be certified, an insurance reinvestment fund shall
443 (A) be in compliance with the investment parameters set forth in its

444 business plan, provided an insurance reinvestment fund may apply to
445 the commissioner to amend its business plan based on unavoidable or
446 reasonably unanticipated changes to various conditions, including, but
447 not limited to, the general economic climate of the state or particular
448 sectors of the economy, technological advances and high employment
449 and revenue growth opportunities, with approval for such changes not
450 to be unreasonably withheld by the commissioner; (B) be in
451 compliance with the revenue impact assessment provided in the
452 application demonstrating that the fund's business plan continues to
453 have a revenue neutral or positive impact on the state; (C) have
454 invested sixty per cent of its eligible capital in eligible businesses by
455 the fourth anniversary of its allocation date; and (D) have invested one
456 hundred per cent of its eligible capital in eligible businesses by the
457 tenth anniversary of its allocation date, with a minimum of twenty-five
458 per cent of eligible capital invested in green technology businesses. An
459 insurance reinvestment fund shall only invest eligible capital in
460 eligible businesses, bank deposits, certificates of deposit or other fixed
461 income securities and may not invest more than fifteen per cent of its
462 eligible capital in any one eligible business without prior approval of
463 the commissioner.

464 (7) Not later than January thirty-first annually, each insurance
465 reinvestment fund shall report to the commissioner: (A) The amount of
466 eligible capital remaining at the end of the preceding year; (B) each
467 investment in an eligible business during the preceding year and, with
468 respect to each eligible business, its location and North American
469 Industrial Classification System code; (C) the percentage of eligible
470 capital invested in green technology businesses; and (D) distributions
471 made by the insurance reinvestment fund in the preceding year. In the
472 annual report due in the third, fifth, seventh and ninth years after its
473 allocation date, each insurance reinvestment fund shall also report to
474 the commissioner its compliance with the investment parameters set
475 forth in its business plan and the revenue impact assessment provided
476 in the application demonstrating that the fund's business plan
477 continues to have a revenue neutral or positive impact on the state.

478 Each insurance reinvestment fund shall provide to the commissioner
479 annual audited financial statements.

480 (8) To make a distribution or payment, an insurance reinvestment
481 fund must have invested one hundred per cent of its eligible capital in
482 eligible businesses, with a minimum of twenty-five per cent of eligible
483 capital invested in green technology businesses, with principal
484 business operations in this state at the time of such determination,
485 except: (A) Distributions related to the payment of any projected
486 increase in federal or state taxes, including penalties and interest
487 related to state and federal income taxes, of the equity owners of the
488 insurance reinvestment fund resulting from the earnings or other tax
489 liability of the insurance reinvestment fund to the extent that the
490 increase is related to the ownership, management or operation of the
491 insurance reinvestment fund; (B) payments of interest and principal on
492 the debt of the insurance reinvestment fund, provided after such
493 payment, the insurance reinvestment fund still has cash and other
494 marketable securities in an amount that, when added to the
495 cumulative investments it has made in eligible recipients, equals not
496 less than sixty per cent of the eligible capital invested in such
497 reinvestment fund; or (C) payments related to the reasonable costs and
498 expenses of forming, syndicating, managing and operating the fund,
499 provided the distribution or payment is not made directly or indirectly
500 to an insurance company that has invested eligible capital in the
501 insurance reinvestment fund, including: (i) Reasonable and necessary
502 fees paid for professional services, including legal and accounting
503 services, related to the formation and operation of the insurance
504 reinvestment fund; and (ii) an annual management fee in an amount
505 that does not exceed two and one-half per cent of the eligible capital of
506 the insurance reinvestment fund. The state shall receive a share of any
507 distribution, except as set forth in subparagraphs (A), (B) and (C) of
508 this subsection and distributions made to return any equity capital
509 invested in the insurance reinvestment fund that is not eligible capital,
510 in the following percentages: (I) Ten per cent when less than eighty per
511 cent but more than sixty per cent of the jobs set forth in the insurance

512 reinvestment fund's business plan are created or retained, and (II)
513 twenty per cent when sixty per cent or less of the jobs set forth in the
514 insurance reinvestment fund's business plan are created or retained.

515 (9) The commissioner shall review each annual report to ensure
516 compliance with subdivisions (6), (7) and (8) of this subsection. A
517 material variation of subdivision (6), (7) or (8) of this subsection is
518 grounds for decertification of the insurance reinvestment fund. If the
519 commissioner determines that an insurance reinvestment fund is not in
520 compliance with subdivision (6), (7) or (8) of this subsection or the
521 investment parameters of its business plan, the commissioner shall
522 notify the officers of the insurance reinvestment fund, in writing, that
523 the insurance reinvestment fund may be subject to decertification after
524 the one hundred twentieth day after the date of mailing the notice,
525 unless the deficiencies are waived by the commissioner or are
526 corrected and the insurance reinvestment fund returns to compliance
527 with subdivisions (6), (7) and (8) of this subsection.

528 (10) Decertification of an insurance reinvestment fund shall cause
529 the forfeiture of future credits against the tax imposed by chapter 207
530 and section 38a-743 to be claimed with respect to an insurance
531 reinvestment fund when (A) such decertification occurs on or before
532 the fourth anniversary of the fund's allocation date, and (B) such fund
533 has invested less than sixty per cent of its eligible capital in eligible
534 businesses by said anniversary. The commissioner shall send written
535 notice to the last-known address of each taxpayer whose credit against
536 the tax imposed by chapter 207 is subject to recapture or forfeiture.

537 (d) The tax credit allowed by this section shall only be available for
538 investments (1) in funds that are not open to additional investments or
539 investors beyond the amount subscribed at the formation of the fund,
540 or (2) under subsection (c) of this section, in insurance reinvestment
541 funds that are not open to additional investments or investors after
542 submission of the insurance reinvestments fund's application to the
543 commissioner pursuant to subsection (c) of this section. On and after
544 June 30, 2010, no eligibility certificate shall be provided under

545 subdivision (6) of subsection (b) of this section for investments made in
546 an insurance business. On or after July 1, 2011, no credit shall be
547 allowed under subdivision (2) or (6) of subsection (b) of this section for
548 an investment of less than one million dollars for which the
549 commissioner has issued an eligibility certificate. A fund manager who
550 has received an eligibility certificate but is not yet eligible to receive a
551 certificate of continued eligibility shall provide documentation
552 satisfactory to the commissioner not later than June 30, 2011, of its
553 investment of one million dollars or more. Such documentation shall
554 include, but is not limited to, cancelled checks, wire transfers,
555 investment agreements or other documentation as the commissioner
556 may request. On and after July 1, 2011, the commissioner shall revoke
557 the certificate of eligibility for any insurance business for which its
558 fund manager failed to provide sufficient documentation of said
559 investment of not less than one million dollars. Any credit allowed
560 under subsection (b) or subsection (g) of this section that has not been
561 claimed prior to January 1, 2010, may be carried forward pursuant to
562 subsection (i) of this section.

563 (e) The maximum amount of credit allowed under subsection (c) of
564 this section shall be two hundred million dollars in aggregate and forty
565 million dollars per year.

566 (f) (1) The Commissioner of Revenue Services may treat one or more
567 corporations that are properly included in a combined corporation
568 business tax return under section 12-223 as one taxpayer in
569 determining whether the appropriate requirements under this section
570 are met. Where corporations are treated as one taxpayer for purposes
571 of this subsection, then the credit shall be allowed only against the
572 amount of the combined tax for all corporations properly included in a
573 combined return that, under the provisions of subdivision (2) of this
574 subsection, is attributable to the corporations treated as one taxpayer.
575 (2) The amount of the combined tax for all corporations properly
576 included in a combined corporation business tax return that is
577 attributable to the corporations that are treated as one taxpayer under
578 the provisions of this subsection shall be in the same ratio to such

579 combined tax that the net income apportioned to this state of each
580 corporation treated as one taxpayer bears to the net income
581 apportioned to this state, in the aggregate, of all corporations included
582 in such combined return. Solely for the purpose of computing such
583 ratio, any net loss apportioned to this state by a corporation treated as
584 one taxpayer or by a corporation included in such combined return
585 shall be disregarded.

586 (g) Any taxpayer allowed a credit under subsection (b) of this
587 section may assign such credit to another person, provided such
588 person may claim such credit only with respect to a calendar year for
589 which the assigning taxpayer would have been eligible to claim such
590 credit. The fund manager shall include in the report filed with the
591 Commissioner of Revenue Services in accordance with subdivision (1)
592 of subsection (b) of this section information requested by the
593 commissioner regarding such assignments including the current
594 holders of credits as of the end of the preceding calendar year. Any
595 taxpayer allowed a credit under subsection (c) of this section may
596 transfer such credit to an affiliate of such taxpayer.

597 (h) No taxpayer shall be eligible for a credit under this section and
598 either section 12-217e or section 12-217m for the same investment. No
599 two taxpayers shall be eligible for any tax credit with respect to the
600 same investment, employee or facility.

601 (i) Any tax credit not used in the income year for which it was
602 allowed may be carried forward for the five immediately succeeding
603 income years until the full credit has been allowed.

604 (j) The commissioner, with the approval of the Commissioner of
605 Revenue Services and the Secretary of the Office of Policy and
606 Management, may adopt regulations in accordance with chapter 54 to
607 carry out the purposes of this section.

608 Sec. 4. Section 12-704d of the general statutes is repealed and the
609 following is substituted in lieu thereof (*Effective July 1, 2011, and*
610 *applicable to taxable years commencing on or after January 1, 2011*):

611 (a) As used in this section:

612 (1) "Angel investor" means an accredited investor, as defined by the
613 Securities and Exchange Commission, or network of accredited
614 investors who review new or proposed businesses for potential
615 investment who may seek active involvement, such as consulting and
616 mentoring, in a Connecticut business, but "angel investor" does not
617 include (A) a person controlling fifty per cent or more of the
618 Connecticut business invested in by the angel investor, (B) a venture
619 capital company, or (C) any bank, bank and trust company, insurance
620 company, trust company, national bank, savings association or
621 building and loan association for activities that are a part of its normal
622 course of business;

623 (2) "Cash investment" means the contribution of cash, at a risk of
624 loss, to a qualified Connecticut business in exchange for qualified
625 securities;

626 (3) "Connecticut business" means any business with its principal
627 place of business in Connecticut that is engaged in bioscience,
628 advanced materials, photonics, information technology, clean
629 technology or any other emerging technology as determined by the
630 Commissioner of Economic and Community Development;

631 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,
632 medical equipment or medical devices and analytical laboratory
633 instruments, operating medical or diagnostic testing laboratories, or
634 conducting pure research and development in life sciences;

635 (5) "Advanced materials" means developing, formulating or
636 manufacturing advanced alloys, coatings, lubricants, refrigerants,
637 surfactants, emulsifiers or substrates;

638 (6) "Photonics" means generation, emission, transmission,
639 modulation, signal processing, switching, amplification, detection and
640 sensing of light from ultraviolet to infrared and the manufacture,
641 research or development of opto-electronic devices, including, but not

642 limited to, lasers, masers, fiber optic devices, quantum devices,
643 holographic devices and related technologies;

644 (7) "Information technology" means software publishing, motion
645 picture and video production, teleproduction and postproduction
646 services, telecommunications, data processing, hosting and related
647 services, custom computer programming services, computer system
648 design, computer facilities management services, other computer
649 related services and computer training;

650 (8) "Clean technology" means the production, manufacture, design,
651 research or development of clean energy, green buildings, smart grid,
652 high-efficiency transportation vehicles and alternative fuels,
653 environmental products, environmental remediation and pollution
654 prevention; and

655 (9) "Qualified securities" means any form of equity, including a
656 general or limited partnership interest, common stock, preferred stock,
657 with or without voting rights, without regard to seniority position that
658 must be convertible into common stock.

659 (b) There shall be allowed a credit against the tax imposed under
660 this chapter, other than the liability imposed by section 12-707, for a
661 cash investment of not less than [one hundred] twenty-five thousand
662 dollars in the qualified securities of a Connecticut business by an angel
663 investor. The credit shall be in an amount equal to twenty-five per cent
664 of such investor's cash investment, provided the total tax credits
665 allowed to any angel investor shall not exceed two hundred fifty
666 thousand dollars. The credit shall be claimed in the taxable year in
667 which such cash investment is made by the angel investor and shall
668 not be transferable.

669 (c) To qualify for a tax credit pursuant to this section, a cash
670 investment shall be in a Connecticut business that (1) has been
671 approved as a qualified Connecticut business pursuant to subsection
672 (d) of this section; (2) had annual gross revenues of less than one
673 million dollars in the most recent income year of such business; (3) has

674 fewer than twenty-five employees, not less than seventy-five per cent
675 of whom reside in this state; (4) has been operating in this state for less
676 than seven consecutive years; (5) is primarily owned by the
677 management of the business and their families; and (6) received less
678 than two million dollars in cash investments eligible for the tax credits
679 provided by this section.

680 (d) (1) A Connecticut business may apply to Connecticut
681 Innovations, Incorporated, for approval as a Connecticut business
682 qualified to receive cash investments eligible for a tax credit pursuant
683 to this section. The application shall include (A) the name of the
684 business and a copy of the organizational documents of such business,
685 (B) a business plan, including a description of the business and the
686 management, product, market and financial plan of the business, (C) a
687 description of the business's innovative [and proprietary] technology,
688 product or service, (D) a statement of the potential economic impact of
689 the business, including the number, location and types of jobs expected
690 to be created, (E) a description of the qualified securities to be issued
691 and the amount of cash investment sought by the qualified
692 Connecticut business, (F) a statement of the amount, timing and
693 projected use of the proceeds to be raised from the proposed sale of
694 qualified securities, and (G) such other information as the executive
695 director of Connecticut Innovations, Incorporated, may require.

696 (2) Said executive director shall, on or before August 1, 2010, and
697 monthly thereafter, compile a list of approved applications,
698 categorized by the cash investments being sought by the qualified
699 Connecticut business and type of qualified securities offered.

700 (e) (1) Any angel investor that intends to make a cash investment in
701 a business on such list may apply to Connecticut Innovations,
702 Incorporated, to reserve a tax credit in the amount indicated by such
703 investor. The aggregate amount of all tax credits under this section that
704 may be reserved by Connecticut Innovations, Incorporated, shall not
705 exceed six million dollars annually for the fiscal years commencing
706 July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three

707 million dollars in each fiscal year thereafter. Connecticut Innovations,
708 Incorporated, shall not reserve tax credits under this section for any
709 investment made on or after July 1, 2014.

710 (2) The amount of the credit allowed to any investor pursuant to this
711 section shall not exceed the amount of tax due from such investor
712 under this chapter, other than section 12-707, with respect to such
713 taxable year. Any tax credit that is claimed by the angel investor but
714 not applied against the tax due under this chapter, other than the
715 liability imposed under section 12-707, may be carried forward for the
716 five immediately succeeding taxable years until the full credit has been
717 applied.

718 (f) If the angel investor is an S corporation or an entity treated as a
719 partnership for federal income tax purposes, the tax credit may be
720 claimed by the shareholders or partners of the angel investor. If the
721 angel investor is a single member limited liability company that is
722 disregarded as an entity separate from its owner, the tax credit may be
723 claimed by such limited liability company's owner, provided such
724 owner is a person subject to the tax imposed under this chapter.

725 (g) A review of the effectiveness of the credit under this section shall
726 be conducted by Connecticut Innovations, Incorporated, by July 1,
727 2014. Such review shall be submitted to the joint standing committee of
728 the General Assembly having cognizance of matters relating to
729 commerce.

730 Sec. 5. (NEW) (*Effective July 1, 2011*) On or before January 1, 2015,
731 the Commissioner of Transportation shall convert not less than
732 twenty-five per cent of the state's heavy fleet of motor vehicles,
733 including, but not limited to, any tri-axle and diesel powered vehicles,
734 to liquefied natural gas and compressed gas fuel.

735 Sec. 6. Subdivisions (67) to (69), inclusive, of section 12-412 of the
736 general statutes are repealed and the following is substituted in lieu
737 thereof (*Effective July 1, 2011, and applicable to sales occurring on or after*
738 *said date*):

739 (67) Sales of and the storage, use or other consumption, on or after
740 July 1, 2011, and prior to July 1, [2008] 2013, of a new motor vehicle
741 which is exclusively powered by a clean alternative fuel. As used in
742 this subdivision and subdivisions (68) and (69) of this section, "clean
743 alternative fuel" shall mean natural gas, hydrogen or electricity when
744 used as a motor vehicle fuel or propane when used as a motor vehicle
745 fuel if such a vehicle meets the federal fleet emissions standards under
746 the federal Clean Air Act or any emissions standards adopted by the
747 Commissioner of Environmental Protection as part of the state's
748 implementation plan under said act.

749 (68) Sales of and the storage, use or other consumption, on or after
750 July 1, 2011, and prior to July 1, [2008] 2013, of conversion equipment
751 incorporated into or used in converting vehicles powered by any other
752 fuel to either exclusive use of a clean alternative fuel or dual use of any
753 other fuel and a clean alternative fuel, including, but not limited to,
754 storage cylinders, cylinder brackets, regulated mixers, fill valves,
755 pressure regulators, solenoid valves, fuel gauges, electronic ignitions
756 and alternative fuel delivery lines.

757 (69) Sales of and the storage, use or other consumption, on or after
758 July 1, 2011, and prior to July 1, [2008] 2013, of equipment incorporated
759 into or used in a compressed natural gas or hydrogen filling or electric
760 recharging station for vehicles powered by a clean alternative fuel,
761 including, but not limited to, compressors, storage cylinders,
762 associated framing, tubing and fittings, valves, fuel poles and fuel
763 delivery lines used for clean alternative fuel storage and filling
764 facilities.

765 Sec. 7. Subdivision (115) of section 12-412 of the general statutes is
766 repealed and the following is substituted in lieu thereof (*Effective July*
767 *1, 2011, and applicable to sales occurring on or after said date*):

768 (115) On and after October 1, [2004] 2011, and prior to October 1,
769 [2008] 2013, the sale of any hybrid passenger car that has a United
770 States Environmental Protection Agency estimated highway gasoline

771 mileage rating of at least forty miles per gallon. For purposes of this
772 subdivision, "hybrid passenger car" means a passenger car that draws
773 acceleration energy from two onboard sources of stored energy, which
774 are both an internal combustion, fuel cell or heat engine using
775 combustible fuel and a rechargeable energy storage system and, for a
776 passenger car or light truck with a model year of 2004 or later, is
777 certified to meet or exceed the tier II bin 5 low emission vehicle
778 classification.

779 Sec. 8. (NEW) (*Effective July 1, 2011*) Any hybrid or electric motor
780 vehicle may be driven in any state highway limited access lane
781 designated for use by high occupancy vehicles regardless of the
782 number of occupants of such hybrid or electric motor vehicle.

783 Sec. 9. (NEW) (*Effective from passage*) (a) On or before September 1,
784 2011, the Department of Economic and Community Development, in
785 consultation with the Department of Public Utility Control, the
786 Connecticut Development Authority and the electric distribution
787 companies, as defined in section 16-1 of the general statutes, shall
788 establish a solar energy program to partner with private banks and
789 lending institutions to provide loans to in-state small businesses and
790 residential electric customers to finance solar installations. Said
791 program shall include, but not be limited to, a mechanism for such
792 businesses and customers to repay loans made pursuant to the
793 program established in this section through their monthly electricity
794 bills. Loans made pursuant to this section shall be structured so that
795 the cost savings from such solar installations offset the monthly
796 payback amount.

797 (b) As part of the program established pursuant to subsection (a) of
798 this section, the Department of Economic and Community
799 Development shall establish participation criteria for (1) installers of
800 solar energy systems, which shall include, but not be limited to,
801 consideration of such installer's prior experience, in-state location and
802 number of jobs potentially created by such participation, and (2)
803 private banks and lending institutions.

804 Sec. 10. Subsection (a) of section 32-1m of the general statutes is
805 amended by adding subdivision (23) as follows (*Effective July 1, 2011,*
806 *and applicable to the report due on or before February 1, 2012*):

807 (NEW) (23) With regard to the solar installation program,
808 established pursuant to section 9 of this act, a summary of the activity
809 of such program, including, but not limited to, the number of
810 installations, the estimated number of jobs created and the estimated
811 resulting energy savings.

812 Sec. 11. (NEW) (*Effective July 1, 2011*) There is established an account
813 to be known as the "tourism supplemental revenue account" which
814 shall be a separate, nonlapsing account within the General Fund. The
815 account shall contain any moneys required by law to be deposited in
816 the account. Moneys in the account shall be expended by the
817 Commission on Culture and Tourism for the purpose of providing
818 marketing grants to the state's tourism districts, defined in section 10-
819 397 of the general statutes.

820 Sec. 12. (NEW) (*Effective July 1, 2011*) If, during the fiscal years
821 ending June 30, 2012, to June 30, 2015, inclusive, the sales tax revenue
822 collected by the Commissioner of Revenue Services from businesses in
823 Standard Industry Classification Codes (1) 5811, eating places only; (2)
824 5812, eating and drinking places; (3) 5813, drinking places—alcoholic
825 beverages; (4) 7010, hotels, motels and tourist courts; (5) 7020, rooming
826 and boarding houses; (6) 7030, camps and trailer parks; (7) 7033,
827 trailering parks and campsites; (8) 7041, organization hotels and
828 lodging house; (9) 7920, producers, orchestras and entertainers; (10)
829 7940, commercial sports; (11) 7990, miscellaneous amusement and
830 recreation; (12) 7991, boat and canoe rentals; (13) 7992, public golf
831 courses and swimming pools; (14) 7996, amusement parks; (15) 7998,
832 tourist attraction; (16) 7999, amusement not elsewhere classified; and
833 (17) 8420, botanical and zoological gardens exceeds the amount
834 collected during the fiscal year ending June 30, 2011, by more than
835 three per cent, the commissioner shall segregate the amounts collected
836 beyond such three per cent and transfer such amounts to the tourism

837 supplemental revenue account established pursuant to section 11 of
838 this act. The amount segregated pursuant to this section shall not
839 exceed three million dollars during any fiscal year.

840 Sec. 13. (NEW) (*Effective July 1, 2011, and applicable to income years*
841 *commencing on or after January 1, 2011*) (a) For the purposes of this
842 section, (1) "manufacturing reinvestment account" means a trust
843 created or organized by a manufacturer and held by a Connecticut
844 bank for the benefit of a Connecticut taxpayer, to which a taxpayer
845 may make cash contributions pursuant to subsection (b) of this section.
846 Moneys in a manufacturing reinvestment account shall not be invested
847 in life insurance contracts or comingled with other property, and (2)
848 "manufacturer" means any corporation subject to tax pursuant to
849 chapter 208 of the general statutes that is engaged in the business of
850 manufacturing, as defined in subdivision (72) of section 12-81 of the
851 general statutes.

852 (b) Any manufacturer may establish a manufacturing reinvestment
853 account, provided (1) contributions in any income year shall not
854 exceed the lesser of (A) two hundred fifty thousand dollars, or (B) such
855 manufacturer's domestic gross receipts, (2) moneys may be held in
856 such account for not more than five years, (3) distributions from such
857 account shall be used by such manufacturer to purchase machinery,
858 equipment or manufacturing facilities, as defined in subdivision (72) of
859 section 12-81 of the general statutes, or for workforce training and
860 development, and (4) disbursements shall be subject to tax under
861 chapter 208 of the general statutes at a rate of three and one-half per
862 cent.

863 (c) Any money remaining in a manufacturer's reinvestment account
864 at the end of the five-year period shall be returned to the manufacturer
865 who shall pay the full rate of tax on such amount under chapter 208 of
866 the general statutes, provided such payment shall be deemed to be a
867 timely payment if such tax is remitted to the Commissioner of Revenue
868 Services not later than sixty days after the date of such return.

869 Sec. 14. Subdivision (1) of subsection (a) of section 12-217 of the
870 general statutes is repealed and the following is substituted in lieu
871 thereof (*Effective July 1, 2011, and applicable to income years commencing*
872 *on and after January 1, 2011*):

873 (a) (1) In arriving at net income as defined in section 12-213, whether
874 or not the taxpayer is taxable under the federal corporation net income
875 tax, there shall be deducted from gross income, (A) all items deductible
876 under the Internal Revenue Code effective and in force on the last day
877 of the income year except (i) any taxes imposed under the provisions
878 of this chapter which are paid or accrued in the income year and in the
879 income year commencing January 1, 1989, and thereafter, any taxes in
880 any state of the United States or any political subdivision of such state,
881 or the District of Columbia, imposed on or measured by the income or
882 profits of a corporation which are paid or accrued in the income year,
883 (ii) deductions for depreciation, which shall be allowed as provided in
884 subsection (b) of this section, (iii) deductions for qualified domestic
885 production activities income, as provided in Section 199 of the Internal
886 Revenue Code, and (iv) in the case of any captive real estate
887 investment trust, the deduction for dividends paid provided under
888 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in
889 the case of a regulated investment company, the sum of (i) the exempt-
890 interest dividends, as defined in the Internal Revenue Code, and (ii)
891 expenses, bond premium, and interest related to tax-exempt income
892 that are disallowed as deductions under the Internal Revenue Code,
893 and (C) in the case of a taxpayer maintaining an international banking
894 facility as defined in the laws of the United States or the regulations of
895 the Board of Governors of the Federal Reserve System, as either may
896 be amended from time to time, the gross income attributable to the
897 international banking facility, provided, no expense or loss attributable
898 to the international banking facility shall be a deduction under any
899 provision of this section, and (D) additionally, in the case of all
900 taxpayers, all dividends as defined in the Internal Revenue Code
901 effective and in force on the last day of the income year not otherwise
902 deducted from gross income, including dividends received from a

DISC or former DISC as defined in Section 992 of the Internal Revenue Code and dividends deemed to have been distributed by a DISC or former DISC as provided in Section 995 of said Internal Revenue Code, other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation, and (E) additionally, in the case of all taxpayers, the value of any capital gain realized from the sale of any land, or interest in land, to the state, any political subdivision of the state, or to any nonprofit land conservation organization where such land is to be permanently preserved as protected open space or to a water company, as defined in section 25-32a, where such land is to be permanently preserved as protected open space or as Class I or Class II water company land, and (F) in the case of manufacturers, the amount of any contribution to a manufacturing reinvestment account described in section 13 of this act in the taxable year that such contribution is made.

Sec. 15. Subsection (a) of section 36a-250 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) Except as otherwise provided in subsection (b) of this section, a Connecticut bank may:

(1) Transact a general banking business and exercise by its governing board or duly authorized officers or agents, subject to applicable law, all such incidental powers as are necessary thereto. The express powers authorized for a Connecticut bank under subdivisions (2) to (41), inclusive, of this subsection do not preclude the existence of additional powers deemed to be incidental to the transaction of a general banking business pursuant to this subdivision;

(2) (A) Receive deposits as authorized by and subject to the provisions of sections 36a-290 to 36a-305, inclusive, section 36a-307, sections 36a-315 to 36a-323, inclusive, and sections 36a-330 to 36a-338, inclusive, including: (i) Savings deposits; (ii) time deposits; (iii)

935 demand deposits; (iv) public funds or money held in a fiduciary
936 capacity; (v) school savings funds; and (vi) club deposits; and (B) pay
937 interest or dividends thereon;

938 (3) Act as a depository of court and trust funds;

939 (4) Purchase and sell coins and bullion;

940 (5) Receive for safekeeping or otherwise all kinds of personal
941 property, including papers, documents and evidences of indebtedness;

942 (6) Conduct a safe deposit business on its banking premises;

943 (7) Act (A) as guardian or conservator of the estate of any person,
944 but not of the person, (B) as a trustee, receiver, executor or
945 administrator, or (C) in any other fiduciary capacity, all without bond
946 unless a bond is ordered by the court;

947 (8) Act as agent or attorney in fact for the holders of securities or the
948 owners of real estate;

949 (9) Act as transfer agent or registrar of stocks and bonds;

950 (10) Execute and deliver signature guaranties as may be incidental
951 or usual in the transfer of investment securities;

952 (11) Act as agent, fiscal agent or trustee for any corporation or for
953 holders of bonds, notes or other securities, and pledge assets to secure
954 deposits in its banking department when (A) made by it as trustee
955 under a trust indenture for the holders of revenue bonds issued by this
956 state, any municipality, district, municipal corporation or authority or
957 political subdivision thereof, and the express provisions of the
958 authority or its political subdivision, and the express provisions of the
959 trust indenture require the deposit to be so secured, (B) made by it as
960 fiscal agent for a housing authority in connection with a federally-
961 assisted housing project and federal regulations or other requirements
962 call for the deposits to be so secured, or (C) made by it to secure
963 deposits in individual retirement accounts and qualified retirement

964 plan accounts, established in accordance with the applicable
965 provisions of the Internal Revenue Code of 1986, or any prior or
966 subsequent corresponding internal revenue code of the United States,
967 as from time to time amended, where such deposits exceed the
968 maximum of federal deposit insurance available for such accounts;

969 (12) Act as fiscal agent for this state or any of its political
970 subdivisions when authorized by the executive head of this state or of
971 the political subdivision;

972 (13) Act as agent (A) in the collection of taxes for any qualified
973 treasurer of any taxing district or qualified collector of taxes or (B) for
974 any electric, electric distribution, gas, water or telephone company
975 operating within this state in receiving moneys due that company for
976 utility services furnished by it;

977 (14) Act as agent for the sale, issue and redemption of obligations of
978 the United States and pledge assets to the United States or to the
979 proper federal reserve bank for its obligations as that agent;

980 (15) (A) Act as agent for an insured depository institution affiliate in
981 receiving deposits, renewing time deposits, closing loans, servicing
982 loans and receiving payments on loans and other obligations, and in so
983 doing shall not be considered to be a branch of such affiliate;

984 (B) A Connecticut bank may not conduct any activity as an agent
985 under subparagraph (A) of this subdivision which such bank is
986 prohibited from conducting as a principal;

987 (16) Act as treasurer of any organization exempt from federal
988 income taxation under Section 501 of the Internal Revenue Code of
989 1986, or any subsequent corresponding internal revenue code of the
990 United States, as from time to time amended;

991 (17) Establish a charitable fund, either in the form of a charitable
992 trust or a nonprofit corporation to assist in making charitable
993 contributions, provided (A) the trust or nonprofit corporation is

1094 exempt from federal income taxation and may accept charitable
1095 contributions under Section 501 of the Internal Revenue Code of 1986,
1096 or any subsequent corresponding internal revenue code of the United
1097 States, as from time to time amended, (B) the trust or nonprofit
1098 corporation's operations shall be disclosed fully to the commissioner
1099 upon request, and (C) the trust department of the bank or one or more
1100 directors or officers of the bank act as trustees or directors of the fund;

1101 (18) In the discretion of a majority of its governing board, make
1102 contributions or gifts to or for the use of any corporation, trust or
1103 community chest, fund or foundation created or organized under the
1104 laws of the United States or of this state and organized and operated
1105 exclusively for charitable, educational or public welfare purposes, or of
1106 any hospital which is located in this state and which is exempt from
1107 federal income taxes and to which contributions are deductible under
1108 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1109 corresponding internal revenue code of the United States, as from time
1110 to time amended;

1111 (19) Discount, purchase and sell accounts receivable, negotiable and
1112 nonnegotiable promissory notes, drafts, bills of exchange and other
1113 forms of indebtedness;

1114 (20) (A) Accept for payment at future dates drafts drawn upon it,
1115 and (B) except as provided in section 36a-299, sell or issue without
1116 charge negotiable checks or drafts drawn by or on the bank.
1117 Negotiable checks or drafts drawn, sold or issued by a bank may be
1118 drawn on that bank or be payable by or through another bank or out-
1119 of-state bank;

1120 (21) Make secured and unsecured loans and issue letters of credit as
1121 authorized by and subject to section 36a-260;

1122 (22) (A) Issue credit cards and debit cards and enter into card
1123 agreements with the bank's card holders and with other card issuers,
1124 (B) lend money to individuals, honor drafts and similar orders drawn
1125 or accepted, whether by written instrument or electronic transmission,

1026 and pay and agree to pay obligations incurred in connection with
1027 those agreements, (C) become affiliated with any credit card
1028 corporation or association, and (D) subject to sections 36a-155 to 36a-
1029 159, inclusive, where applicable, provide electronic fund transfer
1030 facilities and services and enter into agreements with customers and
1031 other persons regarding the provision of such facilities;

1032 (23) Provide home banking services to customers as provided in
1033 section 36a-170;

1034 (24) Contract for and pay the premiums upon life insurance in the
1035 amount of the unpaid balance due on loans;

1036 (25) Borrow money and pledge assets therefor, and pledge assets to
1037 secure trust funds on deposit awaiting investment;

1038 (26) Enter into leases of personal property acquired upon the
1039 specific request of and for the use of a prospective lessee;

1040 (27) Make investments as authorized by this title;

1041 (28) Sell to any person, including any state or federal agency or
1042 instrumentality, any loan or group of loans legally owned by the bank,
1043 repurchase any such loan or group of loans, and act as collecting,
1044 remitting and servicing agent in connection with any such loans and
1045 charge for its acts as agent. Any such bank is authorized to purchase
1046 the minimum amount of capital stock of the applicable agency or
1047 instrumentality if required by that entity to be purchased in connection
1048 with the assignment of loans to that entity and to hold and dispose of
1049 that stock;

1050 (29) With the approval of the commissioner, deal in and underwrite,
1051 to the same extent as is permitted to a national banking association,
1052 obligations of: (A) The United States or any of its agencies; (B) any
1053 state or any political subdivision or instrumentality of the state; or (C)
1054 Canada, any province of Canada or any political subdivision of
1055 Canada;

1056 (30) Issue and sell securities which (A) are guaranteed by the
1057 Federal National Mortgage Association or any other agency or
1058 instrumentality authorized by state or federal law to create a
1059 secondary market with respect to loans of the type originated by the
1060 bank, or (B) subject to the approval of the commissioner, relate to loans
1061 originated by the bank and are guaranteed or insured by a financial
1062 guaranty insurance company or comparable private entity;

1063 (31) Subject to the approval of the commissioner, authorize the
1064 issuance and sale of evidences of indebtedness, including debentures,
1065 debt instruments of all maturities and capital notes, at such times, in
1066 such amount and upon such terms as are determined by the governing
1067 board, provided the issuance of such evidences of indebtedness which
1068 are payable on demand or mature within five years of their issuance or
1069 which are effected in the ordinary course of business do not require the
1070 approval of the commissioner. The proceeds of such evidences of
1071 indebtedness which mature after five years of their issuance which are
1072 subordinate to the claims of depositors upon liquidation of the bank
1073 shall be considered part of its capital for the purpose of computing any
1074 loan, deposit or investment limitation under this title;

1075 (32) With the approval of and upon such conditions and under such
1076 regulations as may be prescribed or adopted by the commissioner,
1077 establish and maintain one or more mutual funds and offer to the
1078 public shares or participations therein;

1079 (33) (A) With the written approval of the commissioner, acquire,
1080 alter or improve real estate for present or future use in the business of
1081 the bank. Such approval shall not be required in case of the alteration
1082 or improvement of real estate already owned or leased by the bank or
1083 a corporation controlled by it as provided in subsection (d) of section
1084 36a-276, if the expenditure for such purposes does not in any one
1085 calendar year exceed five per cent of the bank's equity capital and
1086 reserves for loan and lease losses or seven hundred fifty thousand
1087 dollars, whichever is less.

1088 (B) With the written approval of the commissioner, purchase real
1089 estate adjoining any parcel of real estate then owned by it and acquired
1090 in the usual course of business, provided the aggregate of all
1091 investments and loans authorized in this subparagraph and in
1092 subparagraph (A) of this subdivision and in the equipment used by
1093 such bank in its operations, together with the amount of any
1094 indebtedness incurred by any corporation holding real estate of the
1095 bank and such bank's proportionate share, computed according to
1096 stock ownership, of any indebtedness incurred by any service
1097 corporation, does not exceed fifty per cent of the equity capital and
1098 reserves for loan and lease losses of the bank, unless the commissioner
1099 finds that the rental income from any part of the premises not occupied
1100 by the bank will be sufficient to warrant larger investment;

1101 (34) Convey any real estate owned by it at the price and upon such
1102 terms of payment as its governing board or an authorized committee
1103 thereof determines and sets forth in the bank's records. If any such sale
1104 is wholly or partly for credit, a note secured by a first mortgage on the
1105 real estate may evidence that credit. With the written approval of the
1106 commissioner, the bank may accept other real estate in whole or in
1107 part for any such conveyance;

1108 (35) Establish and maintain an international banking facility, as
1109 defined in regulations adopted by the Board of Governors of the
1110 Federal Reserve System, subject to such regulations as the
1111 commissioner may adopt, in accordance with chapter 54, to specify,
1112 and impose restrictions upon, the types of activities in which the
1113 international banking facility may engage;

1114 (36) Join the Federal Reserve System;

1115 (37) With the approval of the commissioner, join the Federal Home
1116 Loan Bank System and borrow funds as provided under federal law;

1117 (38) Even if not expressly authorized to exercise fiduciary powers,
1118 act as trustee or custodian of a plan which qualifies as part of a
1119 retirement plan for self-employed individuals or an individual

1120 retirement account under the provisions of the Internal Revenue Code
1121 of 1986, or any subsequent corresponding internal revenue code of the
1122 United States, as from time to time amended, if the governing
1123 instrument limits the investment of the funds held pursuant to such
1124 plan to the following investments: (A) Savings deposits and time
1125 deposits; and (B) with respect to retirement plans for self-employed
1126 individuals, notes of members in such plans which evidence the
1127 indebtedness of such members for funds borrowed from the plans.
1128 Funds held pursuant to any plan which so qualifies may be deposited
1129 in any Connecticut bank without regard to any statutory limit on the
1130 amount which such bank may have on deposit from one depositor;

1131 (39) Sell insurance and fixed and variable annuities directly, sell
1132 insurance and such annuities indirectly through a subsidiary, or enter
1133 into arrangements with third-party marketing organizations for the
1134 sale by such third-party marketing organizations of insurance or such
1135 annuities on the premises of the Connecticut bank or to customers of
1136 the Connecticut bank; provided (A) such insurance and annuities are
1137 issued or purchased by or from an insurance company licensed in
1138 accordance with section 38a-41, and (B) the Connecticut bank,
1139 subsidiary or third-party marketing organization, and any officer or
1140 employee thereof, shall be licensed as required by section 38a-769
1141 before engaging in any of the activities authorized by this subdivision.
1142 As used in this subdivision, "annuities" and "insurance" have the same
1143 meanings as set forth in section 38a-1, except that "insurance" does not
1144 include title insurance. The provisions of this subdivision do not
1145 authorize a Connecticut bank or a subsidiary of a Connecticut bank to
1146 underwrite insurance or annuities;

1147 (40) Act as trustee or custodian of a manufacturing reinvestment
1148 account described in section 13 of this act;

1149 [(40)] (41) With the prior written approval of the commissioner,
1150 engage in closely related activities, unless the commissioner
1151 determines that any such activity shall be conducted by a subsidiary of
1152 the Connecticut bank, utilizing such organizational, structural or other

1153 safeguards as the commissioner may require, in order to protect the
1154 Connecticut bank from exposure to loss. As used in this subdivision,
1155 "closely related activities" means those activities that are closely related
1156 to the business of banking, are convenient and useful to the business of
1157 banking, are reasonably related to the operation of a Connecticut bank
1158 or are financial in nature including, but not limited to, business and
1159 professional services, data processing, courier and messenger services,
1160 credit-related activities, consumer services, services related to real
1161 estate, financial consulting, tax planning and preparation, community
1162 development activities, any activities reasonably related to such
1163 activities, or any activity permitted under the Bank Holding Company
1164 Act of 1956, 12 USC Section 1841 et seq., as from time to time amended,
1165 or the Home Owners' Loan Act of 1933, 12 USC Section 1461 et seq., as
1166 from time to time amended, or the regulations promulgated under
1167 such acts as from time to time amended; and

1168 [(41)] (42) Engage in any activity that a federal bank or an out-of-
1169 state bank may be authorized to engage in under federal or state law,
1170 provided the Connecticut bank shall file with the commissioner prior
1171 written notice of its intention to engage in such activity. Such notice
1172 shall include a description of the activity, a description of the financial
1173 impact of the activity on the Connecticut bank, citation of the legal
1174 authority to engage in the activity under federal or state law, a
1175 description of any limitations or restrictions imposed on such activity
1176 under federal or state law, and any other information that the
1177 commissioner may require. The Connecticut bank may engage in such
1178 activity unless the commissioner disapproves such activity not later
1179 than thirty days after the notice is filed. The commissioner may adopt
1180 regulations in accordance with chapter 54 to ensure that any such
1181 activity is conducted in a safe and sound manner with adequate
1182 consumer protections. The provisions of this subdivision do not
1183 authorize a Connecticut bank or a subsidiary of a Connecticut bank to
1184 sell title insurance.

1185 Sec. 16. Section 10-416a of the general statutes is repealed and the
1186 following is substituted in lieu thereof (*Effective July 1, 2011, and*

1187 *applicable to income years commencing on or after January 1, 2011):*

1188 (a) As used in this section, the following terms shall have the
1189 following meanings unless the context clearly indicates another
1190 meaning:

1191 (1) ["Commission"] "Department" means the [Connecticut
1192 Commission on Culture and Tourism established pursuant to section
1193 10-392] Department of Economic and Community Development;

1194 (2) "Certified historic structure" means an historic commercial or
1195 industrial property that: (A) Is listed individually on the National or
1196 State Register of Historic Places, or (B) is located in a district listed on
1197 the National or State Register of Historic Places, and has been certified
1198 by the commission as contributing to the historic character of such
1199 district;

1200 (3) "Certified historic government structure" means a vacant federal,
1201 state or municipal-owned property that, when it was in use, served a
1202 governmental purpose;

1203 [(3)] (4) "Certified rehabilitation" means any rehabilitation of a
1204 certified historic or certified historic government structure for
1205 residential or mixed use consistent with the historic character of such
1206 property or the district in which the property is located as determined
1207 by regulations adopted by the [commission] department;

1208 [(4)] (5) "Owner" means any person, firm, limited liability company,
1209 nonprofit or for-profit corporation or other business entity which
1210 possesses title to an historic or government structure and undertakes
1211 the rehabilitation of such structure;

1212 [(5)] (6) "Placed in service" means that substantial rehabilitation
1213 work has been completed which would allow for issuance of a
1214 certificate of occupancy for the entire building or, in projects
1215 completed in phases, for individual residential units that are an
1216 identifiable portion of the building;

1217 [(6)] (7) "Qualified rehabilitation expenditures" means any costs
1218 incurred for the physical construction involved in the rehabilitation of
1219 a certified historic or certified historic government structure for
1220 residential or mixed use, excluding: (A) The owner's personal labor, (B)
1221 the cost of a new addition, except as required to comply with any
1222 provision of the State Building Code or the State Fire Safety Code, and
1223 (C) any nonconstruction cost such as architectural fees, legal fees and
1224 financing fees;

1225 [(7)] (8) "Rehabilitation plan" means any construction plans and
1226 specifications for the proposed rehabilitation of a certified historic or
1227 certified historic government structure in sufficient detail for
1228 evaluation by compliance with the standards developed under the
1229 provisions of subsections (b) to (d), inclusive, of this section; and

1230 [(8)] (9) "Substantial rehabilitation" or "substantially rehabilitate"
1231 means the qualified rehabilitation expenditures of a certified historic or
1232 certified historic government structure that exceed twenty-five per cent
1233 of the assessed value of such structure.

1234 (b) (1) The [commission] department shall administer a system of
1235 tax credit vouchers within the resources, requirements and purposes of
1236 this section for owners rehabilitating certified historic or certified
1237 historic government structures.

1238 (2) The credit authorized by this section shall be available in the tax
1239 year in which the substantially rehabilitated certified historic or
1240 certified historic government structure is placed in service. In the case
1241 of projects completed in phases, the tax credit shall be prorated to the
1242 substantially rehabilitated identifiable portion of the building placed in
1243 service. If the tax credit is more than the amount owed by the taxpayer
1244 for the year in which the substantially rehabilitated certified historic
1245 structure is placed in service, the amount that is more than the
1246 taxpayer's tax liability may be carried forward and credited against the
1247 taxes imposed for the succeeding five years or until the full credit is
1248 used, whichever occurs first.

1249 (3) Any credits allowed under this section that are provided to
1250 multiple owners of certified historic or certified historic government
1251 structures shall be passed through to persons designated as partners,
1252 members or owners, pro rata or pursuant to an agreement among such
1253 persons designated as partners, members or owners documenting an
1254 alternative distribution method without regard to other tax or
1255 economic attributes of such entity. Any owner entitled to a credit
1256 under this section may assign, transfer or convey the credits, in whole
1257 or in part, by sale or otherwise to any individual or entity and such
1258 transferee shall be entitled to offset the tax imposed under chapter 207,
1259 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified
1260 rehabilitation expenditure.

1261 (c) The [commission] department shall develop standards for the
1262 approval of rehabilitation of certified historic or certified historic
1263 government structures for which a tax credit voucher is sought. Such
1264 standards shall take into account whether the rehabilitation of a
1265 certified historic or certified historic government structure will
1266 preserve the historic character of the building.

1267 (d) The [commission] department shall adopt regulations, in
1268 accordance with chapter 54, to carry out the purposes of this section.
1269 Such regulations shall include provisions for filing of applications,
1270 rating criteria and for timely approval by the [commission]
1271 department.

1272 (e) Prior to beginning any rehabilitation work on a certified historic
1273 or certified historic government structure, the owner shall submit (1) a
1274 rehabilitation plan to the commission for a determination of whether
1275 or not such rehabilitation work meets the standards developed under
1276 the provisions of subsections (b) to (d), inclusive, of this section, and
1277 (2) an estimate of the qualified rehabilitation expenditures. The
1278 provisions of this subsection shall not disqualify applications for tax
1279 credits for certified historic structures for which rehabilitation
1280 commenced but were not placed in service before July 1, 2006, or
1281 certified historic government structures for which rehabilitation

1282 commenced but were not placed in service before July 1, 2011.

1283 (f) If the [commission] department certifies that the rehabilitation
1284 plan conforms to the standards developed under the provisions of
1285 subsections (b) to (d), inclusive, of this section, the [commission]
1286 department shall reserve for the benefit of the owner an allocation for a
1287 tax credit equivalent to twenty-five per cent of the projected qualified
1288 rehabilitation expenditures, not exceeding two million seven hundred
1289 thousand dollars.

1290 (g) Following the completion of rehabilitation of a certified historic
1291 or certified historic government structure, the owner shall notify the
1292 [commission] department that such rehabilitation has been completed.
1293 The owner shall provide the [commission] department with
1294 documentation of work performed on the certified historic or certified
1295 historic government structure and shall submit certification of the costs
1296 incurred in rehabilitating the certified historic or certified historic
1297 government structure. The [commission] department shall review such
1298 rehabilitation and verify its compliance with the rehabilitation plan.
1299 Following such verification, the [commission] department shall issue a
1300 tax credit voucher to the owner rehabilitating the certified historic or
1301 certified historic government structure or to the taxpayer named by the
1302 owner as contributing to the rehabilitation. The tax credit voucher shall
1303 be in an amount equivalent to the lesser of the tax credit reserved upon
1304 certification of the rehabilitation plan under the provisions of
1305 subsection (f) of this section or twenty-five per cent of the actual
1306 qualified rehabilitation expenditures not exceeding two million seven
1307 hundred thousand dollars. In order to obtain a credit against any state
1308 tax due that is specified in subsections (h) to (j), inclusive, of this
1309 section, the holder of the tax credit voucher shall file the voucher with
1310 the holder's state tax return.

1311 (h) The Commissioner of Revenue Services shall grant a tax credit to
1312 a taxpayer holding the tax credit voucher issued under subsections (e)
1313 to (i), inclusive, of this section against any tax due under chapter 207,
1314 208, 209, 210, 211 or 212 in the amount specified in the tax credit

1315 voucher. Such taxpayer shall submit the voucher and the
1316 corresponding tax return to the Department of Revenue Services.

1317 (i) The aggregate amount of all tax credits which may be reserved
1318 by the [commission] department upon certification of rehabilitation
1319 plans under subsections (b) to (d), inclusive, of this section shall not
1320 exceed fifteen million dollars in any one fiscal year.

1321 (j) The [commission] department may charge an application fee in
1322 an amount not to exceed ten thousand dollars to cover the cost of
1323 administering the program established pursuant to this section.

1324 (k) No taxpayer claiming the credit under this section shall be
1325 eligible for the credit allowed under section 10-416b, as amended by
1326 this act.

1327 Sec. 17. Section 10-416b of the general statutes is repealed and the
1328 following is substituted in lieu thereof (*Effective July 1, 2011, and*
1329 *applicable to income years commencing on or after January 1, 2011*):

1330 (a) As used in this section, the following terms shall have the
1331 following meanings unless the context clearly indicates another
1332 meaning:

1333 (1) ["Commission"] "Department" means the [Connecticut
1334 Commission on Culture and Tourism established pursuant to section
1335 10-392] Department of Economic and Community Development;

1336 (2) "Certified historic structure" means an historic commercial, [or]
1337 industrial, institutional or mixed residential and nonresidential
1338 property or a residential property with not fewer than four units that:
1339 (A) Is listed individually on the National or State Register of Historic
1340 Places, or (B) is located in a district listed on the National or State
1341 Register of Historic Places, and has been certified by the [commission]
1342 Commission on Culture and Tourism as contributing to the historic
1343 character of such district;

1344 (3) "Certified rehabilitation" means any rehabilitation of a certified

1345 historic structure for mixed residential and nonresidential uses or
1346 nonresidential use consistent with the historic character of such
1347 property or the district in which the property is located as determined
1348 by regulations adopted by the [commission] department;

1349 (4) "Owner" means any person, firm, limited liability company,
1350 nonprofit or for-profit corporation or other business entity or
1351 municipality which possesses title to an historic structure and
1352 undertakes the rehabilitation of such structure;

1353 (5) "Placed in service" means that substantial rehabilitation work has
1354 been completed which would allow for issuance of a certificate of
1355 occupancy for the entire building or, in projects completed in phases,
1356 for an identifiable portion of the building;

1357 (6) "Qualified rehabilitation expenditures" means any costs incurred
1358 for the physical construction involved in the rehabilitation of a
1359 certified historic structure for mixed residential and nonresidential
1360 uses [where at least thirty-three per cent of the total square footage of
1361 the rehabilitation is placed into service for residential use] or
1362 nonresidential uses, excluding: (A) The owner's personal labor, (B) the
1363 cost of a new addition, except as required to comply with any
1364 provision of the State Building Code or the State Fire Safety Code, and
1365 (C) any nonconstruction cost such as architectural fees, legal fees and
1366 financing fees;

1367 (7) "Rehabilitation plan" means any construction plans and
1368 specifications for the proposed rehabilitation of a certified historic
1369 structure in sufficient detail for evaluation by compliance with the
1370 standards developed under the provisions of subsections (b) to (d),
1371 inclusive, of this section; and

1372 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
1373 the qualified rehabilitation expenditures of a certified historic structure
1374 that exceed twenty-five per cent of the assessed value of such
1375 structure.

1376 (b) (1) The [commission] department shall administer a system of
1377 tax credit vouchers within the resources, requirements and purposes of
1378 this section for owners rehabilitating certified historic structures.

1379 (2) The credit authorized by this section shall be available in the tax
1380 year in which the substantially rehabilitated certified historic structure
1381 is placed in service. In the case of projects completed in phases, the tax
1382 credit shall be prorated to the substantially rehabilitated identifiable
1383 portion of the building placed in service. If the tax credit is more than
1384 the amount owed by the taxpayer for the year in which the
1385 substantially rehabilitated certified historic structure is placed in
1386 service, the amount that is more than the taxpayer's tax liability may be
1387 carried forward and credited against the taxes imposed for the
1388 succeeding five years or until the full credit is used, whichever occurs
1389 first.

1390 (3) In the case of projects completed in phases, the [commission]
1391 department may issue vouchers for the substantially rehabilitated
1392 identifiable portion of the building placed in service. [, regardless of
1393 whether such portion contains residential uses.]

1394 (4) Any credits allowed under this section that are provided to
1395 multiple owners of certified historic structures shall be passed through
1396 to persons designated as partners, members or owners, pro rata or
1397 pursuant to an agreement among such persons designated as partners,
1398 members or owners documenting an alternative distribution method
1399 without regard to other tax or economic attributes of such entity. Any
1400 owner entitled to a credit under this section may assign, transfer or
1401 convey the credits, in whole or in part, by sale or otherwise to any
1402 individual or entity and such transferee shall be entitled to offset the
1403 tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such
1404 transferee had incurred the qualified rehabilitation expenditure.

1405 (c) The [commission] department shall develop standards for the
1406 approval of rehabilitation of certified historic structures for which a tax
1407 credit voucher is sought. Such standards shall take into account

1408 whether the rehabilitation of a certified historic structure will preserve
1409 the historic character of the building.

1410 (d) The [commission] department shall adopt regulations, in
1411 accordance with chapter 54, to carry out the purposes of this section.
1412 Such regulations shall include provisions for the filing of applications,
1413 rating criteria and for timely approval by the [commission]
1414 department.

1415 (e) Prior to beginning any rehabilitation work on a certified historic
1416 structure, the owner shall submit to the department (1) (A) a
1417 rehabilitation plan [to the commission] for a determination of whether
1418 or not such rehabilitation work meets the standards developed under
1419 the provisions of subsections (b) to (d), inclusive, of this section, and
1420 (B) if such rehabilitation work is planned to be undertaken in phases, a
1421 complete description of each such phase, with anticipated schedules
1422 for completion, (2) an estimate of the qualified rehabilitation
1423 expenditures, and (3) for projects pursuant to subdivision (2) of
1424 subsection (f) of this section, (A) the number of units of affordable
1425 housing, as defined in section 8-39a, to be created, (B) the proposed
1426 rents or sale prices of such units, and (C) the median income for the
1427 municipality where the project is located. [In the case of a project
1428 pursuant to subdivision (2) of subsection (f) of this section the owner
1429 shall submit a copy of data required under subdivision (3) of this
1430 subsection to the Department of Economic and Community
1431 Development.]

1432 (f) If the [commission] department certifies that the rehabilitation
1433 plan conforms to the standards developed under the provisions of
1434 subsections (b) to (d), inclusive, of this section, the [commission]
1435 department shall reserve for the benefit of the owner an allocation for a
1436 tax credit equivalent to (1) twenty-five per cent of the projected
1437 qualified rehabilitation expenditures, or (2) for rehabilitation plans
1438 submitted pursuant to subsection (e) of this section on or after June 14,
1439 2007, thirty per cent of the projected qualified rehabilitation
1440 expenditures if (A) at least twenty per cent of the units are rental units

1441 and qualify as affordable housing, as defined in section 8-39a, or (B) at
1442 least ten per cent of the units are individual homeownership units and
1443 qualify as affordable housing, as defined in section 8-39a. No tax credit
1444 shall be allocated for the purposes of this subdivision unless an
1445 applicant has [submitted to the commission] received a certificate from
1446 the [Department of Economic and Community Development]
1447 department pursuant to [subsections (l) and (m) of this] section 8-37lll,
1448 as amended by this act, confirming that the project complies with
1449 affordable housing requirements under section 8-39a.

1450 [(g) (1) The owner shall notify the commission that a phase of the
1451 rehabilitation has been completed at such time as an identifiable
1452 portion of a certified historic structure has been placed in service. Such
1453 portion shall not be required to include residential uses, provided the
1454 rehabilitation plan submitted pursuant to subsection (e) of this section
1455 describes the residential uses that will be part of the rehabilitation, and
1456 includes a schedule for completion of such residential uses. The owner
1457 shall provide the commission with documentation of work performed
1458 on such portion of such structure and shall submit certification of the
1459 costs incurred in such rehabilitation. The commission shall review
1460 such rehabilitation and verify its compliance with the rehabilitation
1461 plan. Following such verification, the commission shall issue a tax
1462 credit voucher as provided in subsection (h) of this section.

1463 (2) If the residential portion of the mixed residential and
1464 nonresidential uses described in the rehabilitation plan is not
1465 completed within the schedule outlined in such plan, the owner shall
1466 recapture one hundred per cent of the amount of the credit for which a
1467 voucher was issued pursuant to this section on the tax return required
1468 to be filed for the income year immediately succeeding the income
1469 year during which such residential portion has not been completed.
1470 The commission, in its discretion, may provide an extension of time for
1471 completion of such residential portion, but in no event shall such
1472 extension be more than three years.]

1473 [(h)] (g) Following the completion of rehabilitation of a certified

1474 historic structure in its entirety or in phases to an identifiable portion
1475 of the building, the owner shall notify the [commission] department
1476 that such rehabilitation has been completed. The owner shall provide
1477 the commission with documentation of work performed on the
1478 certified historic structure and shall submit certification of the costs
1479 incurred in rehabilitating the certified historic structure. The
1480 [commission] department shall review such rehabilitation and verify
1481 its compliance with the rehabilitation plan. Following such
1482 verification, the [commission] department shall issue a tax credit
1483 voucher to the owner rehabilitating the certified historic structure or to
1484 the taxpayer named by the owner as contributing to the rehabilitation.
1485 The tax credit voucher shall be in an amount equivalent to the lesser of
1486 the tax credit reserved upon certification of the rehabilitation plan
1487 under the provisions of subsection (f) of this section or (1) twenty-five
1488 per cent of the actual qualified rehabilitation expenditures, or (2) for
1489 projects including affordable housing pursuant to subdivision (2) of
1490 subsection (f) of this section, thirty per cent of the actual qualified
1491 rehabilitation expenditures. In order to obtain a credit against any state
1492 tax due that is specified in subsection [(i)] (h) of this section, the holder
1493 of the tax credit voucher shall file the voucher with the holder's state
1494 tax return.

1495 [(i)] (h) The Commissioner of Revenue Services shall grant a tax
1496 credit to a taxpayer holding the tax credit voucher issued under
1497 subsections (e) to [(j)] (i), inclusive, of this section against any tax due
1498 under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in
1499 the tax credit voucher. Such taxpayer shall submit the voucher and the
1500 corresponding tax return to the Department of Revenue Services.

1501 [(j)] (i) The [commission] department may charge an application fee
1502 in an amount not to exceed ten thousand dollars to cover the cost of
1503 administering the program established pursuant to this section.

1504 [(k)] (j) The aggregate amount of all tax credits which may be
1505 reserved by the [Commission on Culture and Tourism] department
1506 upon certification of rehabilitation plans under subsections (a) to [(j)]

1507 (i), inclusive, of this section shall not exceed fifty million dollars for the
1508 fiscal three-year period beginning July 1, 2008, and ending June 30,
1509 2011, inclusive, and each fiscal three-year period thereafter. No project
1510 may receive tax credits in an amount exceeding ten per cent of such
1511 aggregate amount.

1512 ~~[(l) On]~~ (k) The Commission on Culture and Tourism, on or before
1513 October 1, 2009, and [annually thereafter,] October 1, 2010, and the
1514 [Commission on Culture and Tourism] department, on or before
1515 October 1, 2011, and annually thereafter, shall report the total amount
1516 of historic preservation tax credits and affordable housing tax credits
1517 reserved for the previous fiscal year under subsections (a) to ~~[(j)]~~ (i),
1518 inclusive, of this section, to the joint standing committees of the
1519 General Assembly having cognizance of matters relating to commerce
1520 and to finance, revenue and bonding. Each such report shall include
1521 the following information for each project for which tax credit has been
1522 reserved: (1) The total project costs, (2) the value of the tax credit
1523 reservation for the purpose of historic preservation, (3) a statement
1524 whether the reservation is for mixed-use and if so, the proportion of
1525 the project that is not residential, and (4) the number of residential
1526 units to be created, and, for affordable housing reservations, the value
1527 of the reservation and percentage of residential units that will qualify
1528 as affordable housing, as defined in section 8-39a.

1529 ~~[(m)]~~ (l) (1) If the total amount of such tax credits reserved in the
1530 first fiscal year of a fiscal three-year period is more than sixty-five per
1531 cent of the aggregate amount of tax credits reserved under subsections
1532 (a) to ~~(j)~~, inclusive, of this section, then no additional reservation shall
1533 be allowed for the second fiscal year of such fiscal three-year period
1534 unless the joint standing committees of the General Assembly having
1535 cognizance of matters relating to commerce and to finance, revenue
1536 and bonding each vote separately to authorize continuance of tax
1537 credit reservations under the program.

1538 (2) If the total amount of such credits reserved in the second year of
1539 a fiscal three-year period exceeds ninety per cent of the aggregate

1540 amount of tax credits reserved under subsections (a) to [(j)] (i),
1541 inclusive, of this section, then no additional reservation shall be
1542 allowed for the third fiscal year of such fiscal three-year period unless
1543 the joint standing committees of the General Assembly having
1544 cognizance of matters relating to commerce and to finance, revenue
1545 and bonding each vote separately to authorize the continuance of tax
1546 credit reservations under the program.

1547 (3) Any tax credit reservations issued before a suspension of
1548 additional tax credit reservations under subdivisions (1) and (2) of this
1549 subsection shall remain in place.

1550 (m) No taxpayer claiming the credit under this section shall be
1551 eligible for the credit allowed under section 10-416a, as amended by
1552 this act.

1553 Sec. 18. Section 8-37*lll* of the general statutes is repealed and the
1554 following is substituted in lieu thereof (*Effective July 1, 2011*):

1555 (a) The Commissioner of Economic and Community Development
1556 shall review applications for affordable housing tax credits submitted
1557 pursuant to subsection (e) of section 10-416b, as amended by this act.
1558 Upon determination that an application contains affordable housing as
1559 required by said section the commissioner shall issue a certificate to
1560 that effect. The commissioner shall monitor projects certified under
1561 this section to ensure that the affordable housing units are maintained
1562 as affordable for a minimum of ten years and may require deed
1563 restrictions or other fiscal mechanisms designed to ensure compliance
1564 with project requirements. The commissioner may impose a fee in an
1565 amount not exceeding two thousand dollars to cover the cost of
1566 reviewing applications and monitoring projects that qualify for
1567 affordable housing tax credits pursuant to subsections (a) to [(j)] (i),
1568 inclusive, of section 10-416b, as amended by this act.

1569 (b) The Commissioner of Economic and Community Development,
1570 in consultation with the Commission on Culture and Tourism, may
1571 adopt regulations, pursuant to chapter 54, for monitoring of projects

1572 that qualify for affordable housing tax credits pursuant to subsections
 1573 (a) to [(j)] (i), inclusive, of section 10-416b, as amended by this act, by
 1574 the Department of Economic and Community Development, or by
 1575 local housing authorities, municipalities, other public agencies or
 1576 quasi-public agencies, as defined in section 1-120, designated by the
 1577 department. Such regulations shall include provisions for ensuring
 1578 that affordable units developed under subdivision (3) of subsection (e)
 1579 of section 10-416b, as amended by this act, are maintained as
 1580 affordable for a minimum of ten years and may require deed
 1581 restrictions or other fiscal mechanisms designed to ensure compliance
 1582 with project requirements.

1583 Sec. 19. Section 36a-251a of the general statutes is repealed and the
 1584 following is substituted in lieu thereof (*Effective July 1, 2011*):

1585 The commissioner shall submit an annual report to the joint
 1586 standing committee of the General Assembly having cognizance of
 1587 matters relating to banks no later than January first. The report shall
 1588 summarize the commissioner's actions taken pursuant to section 36a-
 1589 70, 36a-139a or subdivisions [(40) and] (41) and (42) of subsection (a) of
 1590 section 36a-250.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10a-19i
Sec. 2	<i>from passage</i>	32-41x
Sec. 3	<i>from passage</i>	38a-88a
Sec. 4	<i>July 1, 2011, and applicable to taxable years commencing on or after January 1, 2011</i>	12-704d
Sec. 5	<i>July 1, 2011</i>	New section
Sec. 6	<i>July 1, 2011, and applicable to sales occurring on or after said date</i>	12-412(67) to (69)

Sec. 7	<i>July 1, 2011, and applicable to sales occurring on or after said date</i>	12-412(115)
Sec. 8	<i>July 1, 2011</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>July 1, 2011, and applicable to the report due on or before February 1, 2012</i>	32-1m(a)
Sec. 11	<i>July 1, 2011</i>	New section
Sec. 12	<i>July 1, 2011</i>	New section
Sec. 13	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	New section
Sec. 14	<i>July 1, 2011, and applicable to income years commencing on and after January 1, 2011</i>	12-217(a)(1)
Sec. 15	<i>July 1, 2011</i>	36a-250(a)
Sec. 16	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	10-416a
Sec. 17	<i>July 1, 2011, and applicable to income years commencing on or after January 1, 2011</i>	10-416b
Sec. 18	<i>July 1, 2011</i>	8-37III
Sec. 19	<i>July 1, 2011</i>	36a-251a

CE *Joint Favorable Subst.*

APP *Joint Favorable*